

## Message Text

UNCLASSIFIED

PAGE 01 LONDON 10961 01 OF 03 141746Z

44

ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01

/095 W

----- 010702

O R 141731Z JUL 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 3661

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

UNCLAS SECTION 01 OF 03 LONDON 10961

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: UK TRADE AND CURRENT ACCOUNT IN JUNE, 1976

SUMMARY: THE UK CURRENT ACCOUNT DEFICIT WIDENED SLIGHTLY IN JUNE TO 230 MILLION POUNDS, A 19 MILLION POUND INCREASE FROM THE REVISED MAY FIGURE OF 211 MILLION. THE VISIBLE TRADE DEFICIT OF 360 MILLION POUNDS RESULTED FROM A 327 MILLION POUND DEFICIT IN PETROLEUM AND RELATED PRODUCTS AND A 33 MILLION POUND DEFICIT IN NON-OIL RELATED GOODS. PROVISIONAL ESTIMATES SHOW EXPORTS OF 2043 MILLION POUNDS (S.A., F.O.B.) AND IMPORTS OF 2403 MILLION POUNDS (S.A., F.O.B.). TRADE IN INVISIBLES RESULTED IN

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 10961 01 OF 03 141746Z

POUNDS (S.A., F.O.B.). TRADE IN INVISIBLES RESULTED IN

AN ESTIMATED SURPLUS OF L30 MILLION POUNDS.

1. VISIBLE TRADE. THE VISIBLE TRADE DEFICIT WIDENED BY 19 MILLION POUNDS BETWEEN MAY AND JUNE. THE NON OIL-RELATED DEFICIT AMOUNTED TO 33 MILLION POUNDS COMPARED WITH A REVISED 13 MILLION POUNDS IN MAY WHILE THE DEFICIT IN PETROLEUM AND RELATED PRODUCTS NARROWED SLIGHTLY FROM 328 MILLION POUNDS IN MAY TO 327 MILLION IN JUNE. IN VOLUME TERMS, EXPORTS DECLINED BY 0.9 PERCENT WHILE IMPORTS FELL BY 0.6 PERCENT. THE TERMS OF TRADE INDEX IMPROVED BY 0.4 PERCENT AS THE IMPORT VALUE INDEX ROSE BY 2.3 PERCENT WHILE THE EXPORT VALUE INDEX INCREASED BY 2.7 PERCENT.

## 2. TRADE VOLUME AND TERMS OF TRADE (MONTHLY AVERAGE)

### A. UNIT VALUES

(B/P BASIS; L970 EQUALS 100, N.S.A.)

	EXPORTS	IMPORTS	TERMS OF TRADE
L974	162.7	218 0	74.6
L975	198.5	245.7	80.8
L975 1ST QU.	184.9	240 5	76.9
2ND QU	193.4	241.1	80.2
3RD QU.	202.2	247.1	81.8
4TH QU.	210.1	260 4	80.7
1976 1ST QU.	219.0	270 0	81.1
2ND QU.	234.2	293.0	79.9
1976			
JAN.	215.6	266 3	81.0
FEB	218.9	269 5	81.2
MAR.	222.6	274.1	81.2
APR.	228.4	284.8	80 2
MAY	233 9	293.8	79.6
JUNE	240.2	300.5	79.9

PERCENTAGE CHANGE - LATEST 3-MONTH AVERAGE OVER PREVIOUS 3-MONTH AVERAGE

PLUS 7 PLUS 8-1/2 MINUS 1-1/2

### B. VOLUME (MONTHLY AVERAGE)

(B/P BASIS; 1970 EQUALS 100. S A )

	EXPORTS	IMPORTS
1974	L30.1	135.2

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 10961 01 OF 03 141746Z

1975	124.9	125 6
1975 FIRST QUARTER	128 9	125.4
SECOND QUARTER	122 6	122 2
THIRD QUARTER	120.0	127.4
FOURTH QUARTER	128.3	127 2
1976 FIRST QUARTER	132.L	123.8
SECOND QUARTER	137.3	134.7
1976		

JANUARY	131.9	125.8
FEBRUARY	128.4	125.4
MARCH	136.1	120.3
APRIL	136.5	131.1
-MAY	138.3	-
JUNE	137.1	136.1
PERCENTAGE CHANGE - LATEST 3-MONTH AVERAGE OVER PREVIOUS 3-MONTH AVERAGE		
PLUS	4	PLUS 9

3. IMPORTS AND EXPORTS  
VISIBLE TRADE

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 10961 02 OF 03 141750Z

44

ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01

/095 W

----- 010767

O R 141731Z JUL 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 3662

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

UNCLAS SECTION 02 OF 03 LONDON 10961

(B/P BASIS; IN MILLIONS OF POUNDS, S.A.)

	EXPORTS (FOB)	IMPORTS (FOB)	VISIBLE BAL.
1974	15.895	21,159	MINUS 5.264
1975	18.772	21.972	MINUS 3,200
1975 1ST QU.	4,532	5,382	MINUS 850
2ND QU.	4.479	5.160	MINUS 681
3RD QU.	4.635	5.621	MINUS 986
4TH QU.	5,126	5,809	MINUS 683
1976 1ST QU.	5,441	5,91L	MINUS 470
2ND QU.	6,006	6.970	MINUS 964
L976			
JAN.	1.777	1.974	MINUS 197

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 10961 02 OF 03 141750Z

FEB	1,751	2.004	MINUS 253
MAR.	1,913	1.933	MINUS 20
APR.	1,948	2.211	MINUS 263
MAY	2,014	2'355	MINUS 341
JUNE	2,043	2,403	MINUS 360

PERCENTAGE CHANGE - LATEST 3-MONTH AVERAGE OVER PREVIOUS 3-MONTH AVERAGE

PLUS 10	PLUS 18
---------	---------

4. THE INVISIBLE TRADE AND CURRENT ACCOUNT. THE BALANCE ON SERVICES AND OTHER TRANSACTIONS IS ESTIMATED TO HAVE BEEN IN SURPLUS BY 130 MILLION POUNDS IN JUNE. THUS THE VISIBLE TRADE DEFICIT OF 360 MILLION POUNDS COMBINED WITH THE ESTIMATED INVISIBLES SURPLUS YIELDED A DEFICIT IN CURRENT ACCOUNT OF 230 MILLION POUNDS

## CURRENT ACCOUNT

(MILLIONS OF POUNDS, S.A.)

1974	MINUS 3,611
1975	MINUS 1.700
1975 FIRST QUARTER	MINUS 446
SECOND QUARTER	MINUS 360
THIRD QUARTER	MINUS 571
FOURTH QUARTER	MINUS 303
1976 FIRST QUARTER	MINUS 60
SECOND QUARTER	MINUS 574
1976 JANUARY	MINUS 60
FEBRUARY	MINUS 117
MARCH	PLUS 117
APRIL	MINUS 133
MAY	MINUS 211
JUNE	MINUS 230

5. LOOKING AT THE SECOND QUARTER AS A WHOLE, THE VOLUME OF EXPORTS OF MANUFACTURED GOODS ROSE BY 4.5 PERCENT WITH

METALS, TEXTILES. AND MOTOR VEHICLES SETTING THE PACE.  
A HIGH LEVEL OF SHIPMENTS OF PRECIOUS STONES PRODUCED A  
13 PERCENT INCREASE IN THE VOLUME OF MISCELLANEOUS MANU-

10 PERCENT IN THE VOLUME OF FUEL EXPORTS WAS MORE THAN  
OFFSET BY A 9.5 PERCENT DECLINE IN THE VOLUME OF FOOD,  
BEVERAGE AND TOBACCO EXPORTS. OVERALL EXPORT VOLUME ROSE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 10961 02 OF 03 141750Z

BY 3.9 PERCENT IN THE SECOND QUARTER SECOND QUARTER IM-  
PORTS OF FOOD, BEVERAGES AND TOBACCO ROSE BY 14 PERCENT  
IN VOLUME TERMS FROM AN -ERRATICALLY LOW" FIRST QUARTER  
FIGURE. INDUSTRIAL IMPORTS ROSE 4.5 PERCENT IN VOLUME  
DURING THE SECOND QUARTER WHILE THE VOLUME OF IMPORTS OF  
MACHINERY AND TRANSPORT EQUIPMENT ROSE BY 13 PERCENT.  
ABOUT HALF OF THE INCREASE IN MACHINERY IMPORTS WAS NORTH  
SEA RELATED AND OCCURRED DURING JUNE. AS A RESULT, OVER-  
ALL IMPORT VOLUME ROSE BY 8.8 PERCENT DURING THE SECOND

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 10961 03 OF 03 141749Z

44

ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01

/095 W

----- 010819

O R 141731Z JUL 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 3663

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BONN  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
USMISSION EC BRUSSELS  
USMISSION OECD PARIS  
USDOC WASHDC

UNCLAS SECTION 03 OF 03 LONDON 10961

QUARTER.

6. COMMENT: WHILE THE CURRENT ACCOUNT DETERIORATED SHARPLY DURING THE SECOND QUARTER, IT IS BY NO MEANS CLEAR THAT AN IMPORT BOOM IS UNDERWAY. THE FIRST QUARTER FIGURES, REFLECTING LOWER THAN NORMAL IMPORTS OF "FOOD, BEVERAGE AND TOBACCO AND HIGHER THAN NORMAL EXPORTS OF PRECIOUS STONES, MAGNIFY THE SIZE OF THE DETERIORATION WHICH OCCURRED DURING THE SECOND QUARTER. THE SECOND QUARTER FIGURES ARE ALSO INFLUENCED BY THE SHARP DECLINE IN STERLING WHICH OCCURRED BETWEEN MARCH AND JUNE. MOREOVER, NORTH SEA OIL RELATED IMPORTS, LARGE-  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 10961 03 OF 03 141749Z

LY SELF-FINANCED ARE INCLUDED IN THE CURRENT ACCOUNT. SINCE THEY TEND TO BE CONCENTRATED IN THE SECOND AND THIRD QUARTERS WHEN NORTH SEA WEATHER CONDITIONS ARE FAVORABLE, THE CURRENT ACCOUNT WILL BE BIASED IN A NEGATIVE DIRECTION DURING THESE QUARTERS. THIS IS NOT SAID TO GLOSS OVER THE SECOND QUARTER RESULTS, BUT RATHER TO PUT THEM INTO PERSPECTIVE. HOWEVER, THERE IS EVIDENCE BOTH THAT THE 8.8 INCREASE IN THE VOLUME OF IMPORTS DURING THE SECOND QUARTER WAS DUE AT LEAST IN PART TO TEMPORARY FACTORS. THE 3.9 PERCENT INCREASE IN EXPORT VOLUME IS MORE SOLIDLY BASED AND SUSTAINABLE. HOWEVER, IF SECOND QUARTER VOLUME TRENDS WERE TO CONTINUE DURING THE YEAR, THE BALANCE OF TRADE WOULD SHOW SERIOUS AND UNEXPECTED DETERIORATION

SPIERS

UNCLASSIFIED

NNN



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE BALANCE, BALANCE OF PAYMENTS DEFICITS, BALANCE OF PAYMENTS DATA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976LONDON10961  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760271-0118  
**From:** LONDON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760760/aaaacamo.tel  
**Line Count:** 323  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** schaeafj  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 APR 2004 by ThomasVJ>; APPROVED <28 SEP 2004 by schaeafj>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UK TRADE AND CURRENT ACCOUNT IN JUNE, 1976 SUMMARY: THE UK CURRENT ACCOUNT DEFICIT WIDENED SLIGHTLY  
**TAGS:** EFIN, UK  
**To:** STATE TRSY  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006